

Water Scarcity as a Nature-Related Financial Risk: Legal Aspects



KEY MESSAGES

Water scarcity is a nature-related financial risk with economic and financial consequences

The fundamental human right to water is increasingly recognised or supported in many legal frameworks

Most countries have water legislation in place, but subject to change, with a need to balance simplification and effectiveness

Water scarcity litigation is growing, with a large volume of cases challenging authorisations and development plans

WATER AS A HUMAN RIGHT

Explicit



Right to water



Human dignity



Adequate food and housing



Economic, social, cultural, and progressive development



Right to health

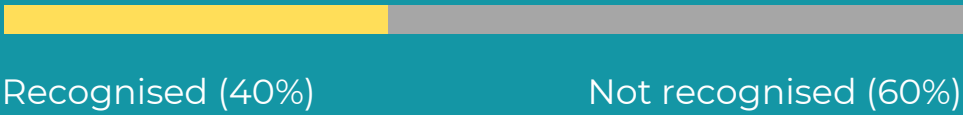


Right to life and the duty to protect life

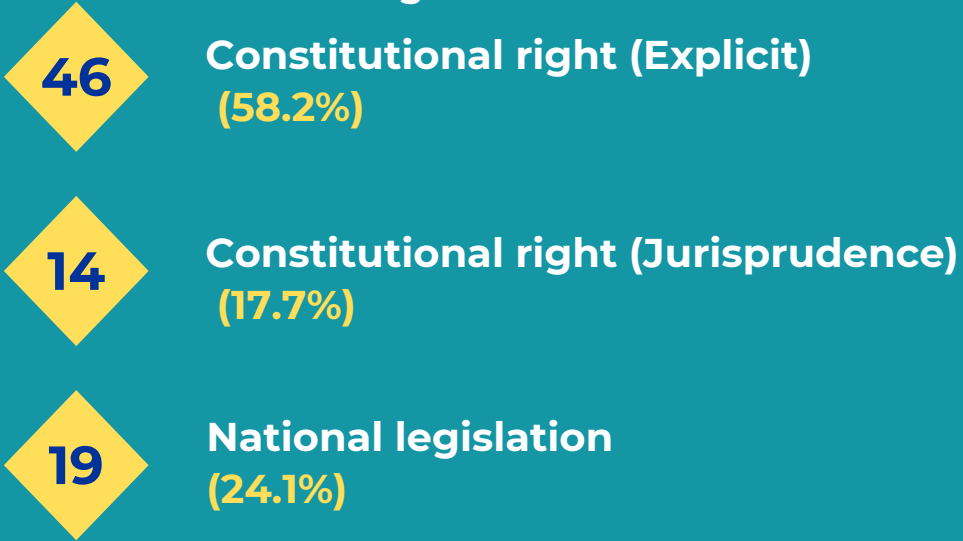
Implicit

AROUND THE WORLD

Countries assessed: 195



Breakdown of countries recognising the right to water :



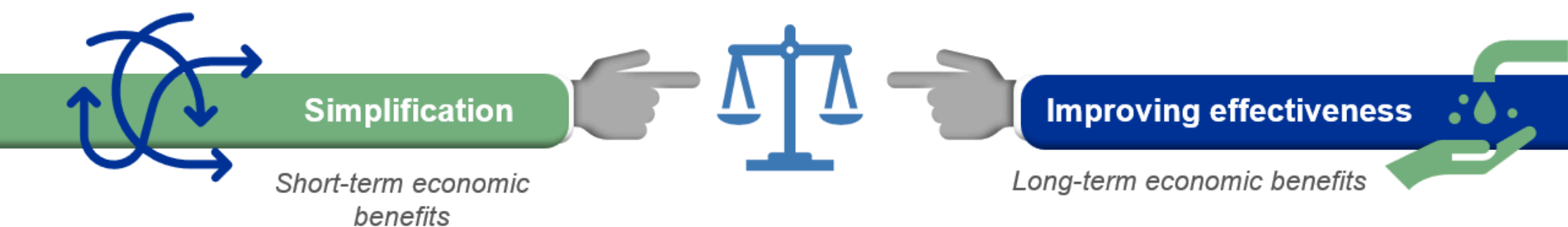
Universal Recognition to the Right of Water

UN General Assembly, 2010

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LEGISLATION

- Most jurisdictions regulate water use and pollution due to water's societal and economic importance
- Adaptation requires stronger enforcement, constraining private-sector activities and balancing growth with legal certainty



LITIGATION RISK IS GROWING

RIGHTS-BASED LITIGATION

- States and public entities must give effect to the right to water through appropriate policies and legislation

PROJECT AUTHORISATIONS AND LICENSING

- Litigation may also be initiated against authorisation and licencing of activities by **private companies**
- **Plaintiffs:** NGOs, municipalities, private companies
- Identified **30 cases** from **14 jurisdictions** (non-US)
- Large and growing body of US litigation too

Industrial Agriculture
Pollution, ES 2026



Thermoelectric
Plants, BR 2022



Dam Project,
RO 2023



Data Centres,
CL 2024



Ore Mining,
AU 2024



Fracking & Oil
Drilling, FR 2025



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